Internal Control Assessment (ICA)
Internal Control Questionnaire (ICQ)
1. Purpose, who and when
2. Partners who are subject to ICA/ICQ
3. Partner’s procurement capacity
4. Links to other processes
5. Walk through the process flow
6. Overview of the template
An **Internal Control Assessment** (ICA) template is used both by UNHCR project control personnel to conclude an Internal Control Assessment at the beginning of a funded partnership, and by UN/UNHCR external project auditors when establishing the **Internal Control Questionnaire (ICQ)*** of a funded partner after implementation.

The ICA takes into account the improvements built into the recently updated template for HACT Micro Assessments used by other UN agencies. This template is a **harmonized internal control assessment tool of funded partners** that allows the **sharing of information among UN agencies** on partner risk assessments and partner risk profiling, via the UN Partner Portal.
ICA/ICQ

Why conduct an Internal Control Assessment (ICA) or an Internal Control Questionnaire (ICQ)?

- To determine whether the partner has in place processes and tools providing reasonable assurance about their capabilities to achieve results.

- To understand the risks of a particular partnership and how to better mitigate the risks; assess how to take advantage of particular strengths/opportunities identified.

- To gain reasonable assurance about the partner's reporting capabilities in relation to results, financial and regulatory reporting.

Who conducts the ICA/ICQ?

- **ICA**: UNHCR's multi-functional team, led by project control function (with supply function leading on procurement and assets and inventory management related process reviews).

- **ICQ**: Project auditors.

When are they conducted?

- **ICA**: Outside of scheduled audits, before the signature of Project Workplan.

- **ICQ**: Following the schedule of project audit when commissioned as part of a regular project financial audit. It is completed by 30 April of year following project implementation (if Project Financial Report and other requirements are available to auditors by 16 March).
Partners subject to ICA/ICQ?

Who is subject to an ICA/ICQ?

- All types of partners including government partners are subject to the ICA/ICQ, except grant agreement and UN partners.
- Required for partners who do not have a valid UN/UNHCR ICA/ICQ assessment in the last 3 years (validity period starts from date of signature of the completed ICA/ICQ).

What happens if UNHCR cannot complete the ICA/ICQ?

- A high-risk rating will be applied by UNHCR when determining essential controls for the project workplan.
Partner’s procurement capacity

- If most recent ICA/Q indicates a medium or low risk rating on procurement related processes, partners are allowed to procure goods and services according to their financial plan, except for the following categories requiring clearance before purchasing with UNHCR funds:
  - Core relief items
  - Medicine/medical supplies
  - Vehicles

- If the partner’s ICA/ICQ results in significant or high procurement risk rating, the UNHCR supply function is consulted about how to best meet the partnership procurement needs if the partner is not permitted to carry out the procurement itself.

- For government partners from WTO member states (not observers), procurement rules are considered compatible to UN/UNHCR – no need to review their policies/systems.

**NOTE:** Partners are strictly prohibited from procuring land, buildings or property.

**Keep in mind:** From 1 Jan 2024 onwards, partners will no longer require PQP* status.

*PQP = Pre-Qualification for Procurement*
ICA/ICQ in the Overall Partnership Management Process

- **Plan**
  - Situational analysis
  - NGO Registration
  - Due diligence
  - Proposals
  - Stakeholder engagement
  - Selection
  - Theory of change
  - Results chain including indicators
  - M&E Plan

- **Seek and select**
  - Capacity assessments
  - Supplier: Partner record for each partner

- **Associate Partners to Outputs**
  - Project workplan
  - Project description
  - Quality control checklist
  - Supporting documents
  - Results plan

- **Discuss & Agree**
  - Global partnership agreement
  - Partnership Framework agreement
  - Implement'n challenges
  - PFR processing

- **Formalize**
  - Results reporting
  - Invoices
  - Supporting documents
  - Digital signatures (w/p)
  - Purchase order, Instalments

- **Monitor & Adjust**
  - Purchase order amended
  - Receipts
  - Instalment
  - Actual results
  - Manage recoveries

- **Financial processing**
  - Close project workplan and purchase order

- **Finish**
  - Audit
  - Internal control assess't

- **Audit**
  - Supporting documents

- **Close**
  - Support documents
ICA/ICQ results & links to PWs

1. ICA/ICQ results should be available before the signature of a project workplan (PW).

2. The results of the ICA/ICQ are used to inform the PW risk assessment, which subsequently provides recommended essential controls including the expected number of instalments, the percentage of the first instalment and whether the partner should provide personnel reports with each PFR.

3. The results of the ICA/ICQ assist in identifying the timing and nature of ongoing implementation monitoring and determine the types, timing, and extent of procedures applicable to subsequent project audits.

4. The project workplan risk assessment considers the partner’s UN/UNHCR audit ICQ rating, the UN audit results (adverse/qualified/disclaimer) and the estimated budget (threshold of 250K for low or high values defines different risk mitigation and control measures). These parameters trigger essential controls when entering into the PW.
ICA/ICQ process flow overview

**UNHCR/AUDITOR** sends ICA/ICQ template to Partner (via Outlook or PROMS)

a) **PARTNER** fills out ICA/ICQ template, gathers supporting documents and sends to UNHCR/Auditor (via Outlook or PROMS). **OR:**

b) **PARTNER & UNHCR/AUDITOR** fill out ICA/ICQ template together in a meeting where partner has come prepared with supporting documents.

**UNHCR/AUDITOR** shares draft ICA/ICQ report with partner for final review and comments on findings (via Outlook or PROMS).

**UNHCR/AUDITOR** finalizes ICA/ICQ, taking into account any feedback from the partner. The final ICA/ICQ report is shared with the partner. UNHCR and the partner implement any recommendations as required.

**UNHCR/AUDITOR** verifies that the content of the ICA/ICQ is aligned to the information presented in the supporting documents.
ICA/ICQ process—technical steps

**BUSINESS IMPACT**

- Document management functionality to enable version control and clear audit trails
- Workflow functionality to facilitate partner collaboration and electronic approval process

**UNHCR uploads the draft ICA report in document register as an “assessment report” document type, selecting “internal control assessment” for the “assessment report type”, selects the overall risk rating from the dropdown menu, and transmits it via a workflow to the partner, using the “formal partner review” workflow template.**

**The partner receives an email notifying them of the workflow transmittal. The partner opens the workflow, downloads the draft ICA report, enters any feedback, reuploads the file in the workflow step and completes the workflow step by selecting the appropriate status option.**

**UNHCR receives an email notification of the workflow transmittal. UNHCR opens the workflow, downloads the draft ICA report and addresses the partner’s feedback.**
ICA/ICQ process—technical steps 2/2

If no further feedback/consultation is required, selects the “final” workflow status and completes the workflow step. The partner receives the final version of the ICA report, and the workflow ends.

If not in agreement with the partner’s feedback (major concerns) and the entire review period needs to be reset, UNHCR enters concerns in the downloaded file, uploads the modified ICA report in the workflow step and selects the “draft” status option. The workflow ends and UNHCR returns to step 1.

If consultations are required with the partner that can be achieved within workflow review period, UNHCR enters concerns in the downloaded file and transmits the modified ICA report on a “partner sub workflow” until there is an agreement on the ICA report. Once agreement is reached with the partner, the sub workflow ends.

BUSINESS IMPACT

- Document management functionality to enable version control and clear audit trails
- Workflow functionality to facilitate partner collaboration and electronic approval process
Overview of ICA/ICQ template

- UNHCR ICA/ICQ template is harmonized with the UN Harmonized Approach to Cash Transfers (HACT) Micro Assessments.

- The ICA examines the processes related to a partner’s:
  1. Legal status
  2. Structures and governance
  3. Financial viability
  4. Programme management
  5. Organizational structure and staffing
  6. Accounting policies
  7. Fixed assets and inventory
  8. Financial reporting
  9. Monitoring

- The ICA results in risk ratings of either low, medium, significant or high for each process reviewed.

Keep in mind:
The ICA risk rating is superseded by a project audit ICQ risk rating.
## ICA/ICQ template highlights

### Key questions highlighted in blue (such as 1 and 2) carry more weight (double)

### Processes are fully harmonized with UN HACT Agencies

### Some specific UNHCR needs are reflected here

### Table: Organizational Structure and Governance

<table>
<thead>
<tr>
<th>A. Organization</th>
<th>(\text{Yes})</th>
<th>(\text{No})</th>
<th>(\text{M/A})</th>
<th>(\text{Low})</th>
<th>(\text{Moderate})</th>
<th>(\text{Significant})</th>
<th>High</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>1. Is the entity in compliance with national registration requirements?</td>
<td>No</td>
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<td>2. Does an internet search indicate there have been no known cases of fraud, or other allegations of malpractice, concerning the entity or its staff in the last five years?</td>
<td>Yes</td>
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<td>3. Does the governing body meet on a regular basis and perform sufficient oversight functions?</td>
<td>Yes</td>
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<td>4. Are there sufficient procedures in place to ensure that financial transactions initiated by sub-offices are executed and recorded in accordance with the overall policies of the organization?</td>
<td>Yes</td>
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<td>5. Does the organization review the accuracy and completeness of the supporting documentation for transactions incurred by its sub-offices prior to the amounts being consolidated into the central</td>
<td>Yes</td>
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</table>

### Table: People and Behaviours

<table>
<thead>
<tr>
<th>B. People and Behaviours</th>
<th>(\text{Yes})</th>
<th>(\text{No})</th>
<th>(\text{M/A})</th>
<th>(\text{Low})</th>
<th>(\text{Moderate})</th>
<th>(\text{Significant})</th>
<th>High</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>1. Is there an HR manual that covers key areas such as recruitment, employment and personnel practices, and which is provided to all staff?</td>
<td>Yes</td>
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<td>2. Are vacant positions publicly advertised?</td>
<td>Yes</td>
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<td>3. Are the selected candidates appointed to roles in a competitive and transparent process that is documented and filed?</td>
<td>Yes</td>
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<tr>
<td>4. Have the selected candidates been duly vetted or otherwise qualified as required?</td>
<td>Yes</td>
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